



# John Nygren

WISCONSIN STATE REPRESENTATIVE ★ 89<sup>TH</sup> ASSEMBLY DISTRICT

## Testimony

### Assembly Bill 369 – Social and Financial Impact Reports

Representative John Nygren

September 10, 2009

Thank you Chair Cullen and members of the Assembly Committee on Insurance for hearing Assembly Bill 369 today.

Under current law, the Commissioner of Insurance is required to submit a report to the legislature on the social and financial impact of any health insurance mandate proposed as a bill in the legislature. However, current law does not require a time for these reports to be submitted. This bill would require that social and financial impact reports on any health insurance mandate proposed in the legislature be completed and submitted to the legislature before any action be taken on the bill.

While we don't have a good track record regarding health insurance mandates and the social and financial impact reporting requirements that are supposed to go along with them, we do have precedence in the legislature for not acting on bills without required reports. The Joint Survey Committee on Retirement Systems and the Joint Survey Committee on Tax Exemptions have similar report requirements to those under Assembly Bill 369. These reporting requirements are commonly followed.

Under this bill, the Commissioner of Insurance may continue to withhold completing a social and financial impact report. If he or she submits a written statement to the chairperson of the committee which holds the bill explaining why a social and financial impact report is not needed the bill could be acted upon without a report.

Why do we as elected officials making decisions regarding health insurance mandates need these reports before we hold public hearings or vote on them? We need these reports because within them is very important information on the effect the mandate will have on health insurance access, cost, coverage, and eligibility.

Within these reports, the Commissioner of Insurance must explain how many state residents will be covered by the mandate, the availability of treatment for the mandate, how many residents will use the mandate, whether the mandate will increase or decrease the cost and the use of the service required under the mandate, the impact on total health care cost in the state, and whether the mandate will increase premiums and/or insurance administrative costs.

Since 2001, 25 health insurance mandate bills have been proposed in the Wisconsin legislature. This does not include the 2009 budget that contained multiple mandates and no social and financial impact report. Of the 25 stand alone bills, 3 have become law and none of them had a social and financial impact report before executive action was taken on them in a committee.

One of the most glaring examples of this is 2009 Senate Bill 27 which mandated coverage of hearing aids and cochlear implants. This mandate was originally proposed in 2007 and came three votes away from becoming law in the Assembly at that time. A social and financial impact report on this type of mandate was not completed until April 24 of 2009 – almost 2 years later. Even with the report finally being completed, it was after the bill had passed both the full Assembly and the Senate.

So, in other words, elected officials passed a health insurance mandate, estimated to increase premiums by \$3.2 million and cover only 1/3<sup>rd</sup> of children ages 0 to 17 in Wisconsin, with none of the information required in a social and financial impact report. Would a company change their health care coverage without knowing how much it will cost or who it would cover? I think not.

Wisconsin currently has 38 health insurance mandates – 4 of which were passed this session. The Council for Affordable Health Insurance estimates state mandates increase the cost of health insurance between 20 and 50 percent. Each individual mandate can increase costs from anywhere between 10 percent and less than 1 percent. The costs depend on the type of mandate, can be quite large, and are all the more reason to have this information at hand before we vote on them.

On the Committee on Insurance's calendar today are two more health insurance mandates. One would require coverage for orthotic and prosthetic devices and services and the other coverage for colorectal cancer screenings. Neither of these bills has a completed social and financial impact report. In 2003, the prosthetic device bill was introduced, but again no social and financial impact report was completed.

This bill does not take a position or prohibit mandates from being enacted in Wisconsin. This bill simply gives elected officials, making decisions that affect millions of residents and can cost millions of dollars, the best and most complete information available to make the most informed decision possible.

Thank you all again for hearing Assembly Bill 369 today. I will gladly answer any questions you may have.

enclosures

Session Date	Bill Number and Description	Date of Hearing in Assembly committee (Date of Executive Action in Assembly Committee)	Date of Floor Vote in Assembly	Date of Hearing in Senate Committee (Date of Executive Action in Senate Committee)	Date of Floor Vote in Senate	Date Signed into Law	OCI Social and Financial Report Release Date*
2001-2002	SB157- health Insurance coverage of nervous and mental disorders, alcoholism, and other drug abuse problems.	2-12-2002 No Executive Action	Refused to suspend rules to withdraw from Committee on 3-7-2002 (NO)	9-19-2001 (9-28-2001) (10-11-2001 Jt. Finance)	10-16-2001	N/A	10-16-2001
	SB 128/ AB 296- requiring health insurance policies to cover contraceptive articles and services	No Hearing or Executive Action	N/A	5-10-2001 (9-12-2001)	10-16-2001	N/A	8-7-2001
2003-2004	AB362- health insurance coverage of prescription medication for the treatment of diabetes.	7-17-2003 (9-9-2003)	Failed to Pass	N/A	N/A	N/A	8-18-2003
	AB364- required coverage of off-label drugs for the treatment of cancer.	7-17-2003 No Executive Action	Failed to Pass	N/A	N/A	N/A	7-31-2003
	AB579- health Insurance coverage of vaccinations against small pox, anthrax, and other diseases caused by biological agents of potential terrorist attacks and granting	No hearing or Executive Action	Failed to Pass	N/A	N/A	N/A	No Social and Financial Impact Study

rule-making authority.	No hearing or Executive Action	Failed to Pass	N/A	N/A	N/A	No Social and Financial Impact Study
AB690- allowing any provider to participate in a health care plan under the terms of the plan, requiring an annual period for providers to elect to participate in health care plans, and requiring notice to a provider of the reason for exclusion from a health care plan.	No hearing or Executive Action	Failed to Pass	N/A	N/A	N/A	No Social and Financial Impact Study
AB708- health insurance coverage of smoking cessation treatment and medications.	No hearing or Executive Action	Failed to Pass	N/A	N/A	N/A	No Social and Financial Impact Study
AB839- increasing the limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems.	No Hearing or Executive Action	Refused to withdraw from Committee on Insurance on 3-2-2004 (NO)	N/A	N/A	N/A	7-8-2003 Follow-up: 1-21-2004
SB72- relating to: increasing the limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems.	N/A	N/A	7-22-2003 9-04-2003	Motion to withdraw from Committee on 3-4-2004 (NO)	N/A	7-8-2003 Follow-up: 1-21-2004
SB288- defined network plan coverage of prosthetic and orthotic devices.	N/A	N/A	10-30-2003	Failed to Pass	N/A	No Social and Financial Impact Study

2005-2006	AB252/SB128- increasing the limits for insurance coverage of nervous or mental health disorders or alcoholism or other drug abuse problems.	No hearing or Executive Action	N/A	11-15-2005 (SB128)	Failed to Pass	N/A	9-16-2005
	AB274- allowing any provider to participate in a health care plan under the terms of the plan, requiring an annual period for providers to elect to participate in health care plans, and requiring notice to a provider of the reason for exclusion from a health care plan.	No hearing or Executive Action	N/A	N/A	N/A	N/A	No Social and Financial Impact Study
	AB473- health insurance coverage for wigs for cancer patients.	No Hearing of Executive Action	N/A	N/A	N/A	N/A	No Social and Financial Impact Study
	AB617/SB288- coverage of certain health care costs in cancer clinical trials.	11-03-2005 (11-29-2005) (AB617)	2-2-2006 (AB 617)	8-31-2005 (10-20-2005) (SB 288)	11-8-2005	3-27-2006	11-1-2005
	AB1218- requiring health insurance policies to cover orphan drugs and granting rule-making authority.	No Hearing or Executive Action	N/A	N/A	N/A	N/A	No Social and Financial Impact Study
2007-2008	AB16- requiring health insurance policies to cover	No Hearing or Executive Action	N/A	N/A	N/A	N/A	No Social and Financial Impact Study

	orphan drugs and granting rule-making authority.											
	AB133/SB88- requiring health insurance coverage of hearing aids and cochlear implants for infants and young children.	2-27-2008 (3-4-2008) (AB 133)	3-13-2008 (AB 133)	11-7-2007 (11-12-2007) (SB 88)	12-11-2007 (SB 88)	N/A	N/A	No Social and Financial Impact Study				
	AB179- health insurance coverage for wigs for cancer patients.	No Hearing or Executive Action	N/A	N/A	N/A	N/A	N/A	No Social and Financial Impact Study				
	AB 280/ SB 154- health insurance coverage of a full-time student on medical leave.	5-24-2007 (7-11-2007) (AB 280)	10-24-2007	7-31-2007 (7-31-2007) (B 154)	11-8-2007	11-29-2007	8-2-2007					
	SB178- health insurance coverage of treatment for autism spectrum disorders.	2-28-2008 Suspend Rules and withdraw from Committee	Laid on Table (50-45) 3-5-2008	5-31-2007 (10-17-2007)	2-26-2008	N/A	6-6-2008					
2009-2010	AB15/SB 3- health insurance coverage of treatment for autism spectrum disorders.	2-19-2009 (AB 15)	N/A	2-9-2009 (2-10-2009)	N/A	N/A	No Social and Financial Impact Study To Date					
	AB16/ SB 27- requiring health insurance coverage of hearing aids and cochlear implants for persons under 18 years of age.	3-18-2009 (3-26-2009) (AB 16)	4-23-2009 (SB 27)	3-18-2009 (4-14-2009) (SB 27)	4-23-2009 (SB 27)	5-26-2009	4-24-2009					
	AB118/ SB 70- coverage of dependents under health care plans.	No Hearing or Executive Action	N/A	4-22-2009 (SB 70)	N/A	N/A	No Social and Financial Impact Report To Date					
	AB217- health	9-10-2009	N/A	N/A	N/A	N/A	No Social and					

	insurance coverage of colorectal cancer screening and granting rule-making authority.								Financial Impact Report To Date
	AB331- insurance coverage of orthotic and prosthetic devices and services.	9-10-2009	N/A	N/A	N/A	N/A	N/A	N/A	No Social and Financial Impact Report To Date
	AB75 BUDGET -Autism -Dependent Coverage - Contraceptives								No Social and Financial Impact Report To Date
	*According to OCL's web-site								



# State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor  
Sean Dilweg, Commissioner

Wisconsin.gov

125 South Webster Street • P.O. Box 7873  
Madison, Wisconsin 53707-7873  
Phone: (608) 266-3585 • Fax: (608) 266-9935  
E-Mail: [ociinformation@wisconsin.gov](mailto:ociinformation@wisconsin.gov)  
Web Address: [oci.wi.gov](http://oci.wi.gov)

## Assembly Committee on Insurance Testimony of Sean Dilweg, Commissioner of Insurance Assembly Bill 369 September 10, 2009

Thank you Chairman Cullen and members of the committee. I appreciate the opportunity to provide the committee with information on Assembly Bill 369.

Current law requires OCI to produce a social and financial impact statement for any health insurance mandate that is introduced as a bill in the State Legislature. AB 369 would extend this requirement to any amendments that are added to health insurance mandate bills and would require that the report to be submitted to the presiding officer prior to a public hearing or committee vote if no hearing is held. AB 369 also requires reports to be prepared for any and all amendments to a bill that arise.

Specifically, s. 601.423, Wis. Stats., requires a report to provide both social and financial impact factors that should include:

### **Social impact factors.**

- The portion of this state's residents who use the treatments or services covered by the health insurance mandate.
- The extent to which individuals use these treatments or services.
- The availability of insurance coverage for these treatments or services.
- The number of persons who would be eligible for coverage under the health insurance mandate, and the availability of insurance coverage for these persons without the health insurance mandate.

### **Financial impact factors.**

- Whether the health insurance mandate may increase or decrease the costs of the treatments or services covered by the health insurance mandate.
- Whether the health insurance mandate would increase the use of the treatments or services covered by the health insurance mandate.
- Whether any increased use would substitute for more expensive treatments or services. The impact of the health insurance mandate on total costs of health care in this state.
- Whether the health insurance mandate may increase the administrative costs to insurance companies and the premium costs to policyholders.

Social and Financial Impact reports are highly researched documents that take a considerable amount of time and resources to complete. OCI researches various peer reviewed literature on the proposed mandate and works with interested parties to compile a report that is



accurate and reliable. For example, the social and financial impact report for Senate Bill 27, relating to insurance coverage of hearing aids and cochlear implants was completed on April 24, 2009. The work that went into the preparation of this report consisted of approximately 300 staff hours to complete and involved discussions with sixteen different organizations to make sure that the information presented was credible and reliable. OCI does not have staff devoted exclusively to the preparation of social and financial impact reports and must work within its resources capabilities and conflicting priorities.

We have determined, as evidenced by the Fiscal Estimate before you, that in order to comply with the requirements of this bill the agency would need to add four FTE positions. Staff would be needed to maintain complete research for any health insurance mandate that could be under consideration and have it readily available to inform legislative deliberations. Including amendments to the social and financial impact process would serve to greatly increase the amount of resources necessary to devote to the preparation of such reports and the numerous iterations caused by amendments. As an executive branch agency, OCI has no input into the legislative calendar therefore it is problematic for OCI at its current resource level to create these impact reports in time for committee hearings or votes. The inclusion of amendments to the process only serves to multiply the resource issues.

Allow me to again extend my appreciation to the committee for holding today's hearing. I would be happy to answer any questions you may have.